

**STATEMENT OF
BENJAMIN H. GRUMBLES
ASSISTANT ADMINISTRATOR FOR WATER
U.S. ENVIRONMENTAL PROTECTION AGENCY
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
U.S. HOUSE OF REPRESENTATIVES**

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Mr. Chairman and Members of the Subcommittee, I am Ben Grumbles, Assistant Administrator for Water at the United States Environmental Protection Agency (EPA). I appreciate the opportunity to discuss the President's fiscal year (FY) 2006 budget request for EPA's National Water Program. The request is over \$2.8 billion, or 38% of the Agency's overall request, and will advance our efforts, and those of our State, Tribal, and local partners, to ensure America's water is clean, safe, and secure.

OVERVIEW

As a country, we have made remarkable progress over the years in protecting and restoring our waters and wetlands. We have much left to do. EPA is committed to meeting the challenge and to accelerating the pace. EPA continues to find that collaboration is the lynchpin to success in moving our programs forward. Collaboration allows us to benefit from everyone's ideas, efforts, and even resources. And, by engaging all partners, we create momentum as we reach for the next level of environmental protection.

EPA is committed to sustaining our core programs in order to continue achieving environmental progress. This budget, Mr. Chairman, will help us continue and

accelerate progress toward the public health and environmental goals set forth in EPA's Strategic Plan. With the help of States, Tribes, and other partners, we are confident of significant progress in the years ahead. Our success will depend on exploring and embracing better ways to ensure effective, efficient, and equitable results. Specifically, the budget we are presenting today will help us:

- ▶ continue to make progress in restoring the Nation's polluted waters,
- ▶ increase the waters open for shellfishing,
- ▶ restore polluted waters for swimming,
- ▶ continue to improve the health of the country's major coastal ecosystems,
- ▶ achieve a net increase of wetlands, and,
- ▶ increase the compliance with drinking water standards.

Accomplishing these ambitious goals will require everyone involved in water programs to focus on effectively implementing the core programs of the Clean Water Act and Safe Drinking Water Act. At the same time, we will work with our partners to strengthen the commitment to collaboration and to develop a range of cost-saving innovations, such as watershed permitting and water quality trading.

PRIORITIES FOR 2006

I want to bring to your attention four key areas of the budget that I believe merit special recognition:

- ▶ improving monitoring of surface water and drinking water;
- ▶ strengthening the nation's water infrastructure, including water efficiency and system security;

- ▶ restoring watersheds; and,
- ▶ protecting our coastal waters, including the Nation's inland coast, the Great Lakes.

Monitoring

As in 2005, monitoring remains one of our top priorities. In FY 2006, the President's budget requests an increase of \$10 million in Section 106 grants to States, for a total of \$232 million. Within this total is \$24 million, a \$7 million increase, for State water quality monitoring activities. These funds will be used to continue the monitoring network that we established to obtain a statistically valid baseline of water quality conditions at the national level for all water types. It builds upon the 2004 National Coastal Condition Report and the wadeable streams study we will complete at the end of 2005. In 2006, the focus will be on lakes. We intend to repeat these surveys periodically so that we can track trends and give decision makers and the public the information they need to make informed decisions about their own water resources and to assess our investments in water quality protection.

Effective monitoring is essential under both the Clean Water Act and the Safe Drinking Water Act to support effective environmental protection in the information age. Continued success of the Clean Water Act depends on having quality data for:

- ▶ appropriate water quality standards for each water body;
- ▶ effective discharge permit limits for regulated entities; and
- ▶ total maximum daily load (TMDL) plans for impaired waters and other approaches that address both point and non-point sources of pollution.

These standards, limits, and plans rely on our ability to monitor water quality, whether at the point of discharge or in the receiving waters. Monitoring under the Clean Water Act is also critical to understanding where and when our partners can use Clean Water Act tools to help safeguard drinking water through source water protection programs.

Water Infrastructure

This Committee knows the value of water infrastructure and the size of the challenge – and so does EPA. To support sustainable wastewater infrastructure, EPA will continue to provide annual capitalization grants to the Clean Water State Revolving Funds (CWSRF). The budget provides \$730 million for the CWSRF. This investment will allow EPA to meet the Administration's federal capitalization target of \$6.8 billion for 2004 through 2011 and enable the CWSRF to revolve over time at a level of \$3.4 billion a year.

This continued federal investment, with other traditional sources of financing, will result in significant progress in addressing the Nation's wastewater treatment needs. It will also significantly contribute to the long-term environmental goal of increasing the number of watersheds attaining designated water quality uses. The President's budget also maintains the federal commitment to the Drinking Water SRF, providing \$850 million, and seeks a one-year extension of the authority for States to transfer funds between the two SRFs to maximize flexibility in meeting State and local needs.

Mr. Chairman, a cornerstone of our water budget is its focus on the "four pillars" of sustainable infrastructure. We must provide the tools that help water managers achieve sustainable infrastructure. The four pillars that are essential for sustainable

infrastructure are: better management, full-cost pricing, water conservation, and restoration through the watershed approach.

Better Management

One pillar in our ability to ensure sustainable water infrastructure is better management at the local or facility level. By better management, I mean assuring that facility managers have the suite of tools they need. These tools include: asset management, environmental management systems, capacity development, and other systems that successful enterprises have demonstrated to be effective.

Full Cost Pricing

Another pillar is "full-cost pricing." Pricing that seeks to recover all of the costs of building, operating, and maintaining a system is absolutely essential to achieving sustainability. Of course, full-cost pricing depends upon complete and accurate metering of water use in order to charge users fairly for what they actually consume. Conservation rates and seasonal rates can further help reduce peak water demand. And, valid concerns about equity can be addressed through "lifeline rates" for the poor. Clearly, we need to develop and share more information that documents progress in full-cost and conservation pricing approaches. We took one step toward better information-sharing a few months ago by establishing a new website with pricing information.

Water Conservation

Another pillar in ensuring sustainable water infrastructure is to encourage efficient use of water. Although EPA's focus is water quality, not water quantity, we increasingly find that water quantity and quality issues are inextricably linked. Examples include infrastructure for both water supply and water quality, and reuse of water.

EPA will continue to increase its focus on voluntary water conservation and efficiency through education, funding, and technical assistance. I am excited to tell you about our efforts to develop a voluntary program to identify and promote water efficient products. Among the approaches we are considering are voluntary standards, market-based approaches that inform consumers about the benefits of water-efficient products, and collaborative efforts with industrial sectors that promote the manufacture and sale of these products.

Restoration through the Watershed Approach

The final pillar in assuring sustainable water infrastructure is an important water program priority in itself. EPA is committed to working on a watershed basis with our State, Tribal, and other partners to protect human health and restore water quality nationwide. About a decade ago, EPA embraced the watershed approach, focusing on multi-stakeholder and multi-program efforts within hydrologically-defined boundaries, as a better way to address water quality problems. Today, we are increasingly managing water quality on a watershed basis.

Restoring Our Watersheds

The President's budget contains a request for \$15 million to continue investing in our Targeted Watershed Grants program. This initiative started in 2003, with 20 grants ranging from \$300 thousand to \$1 million. The slight reduction from the FY 2005 enacted amount reflects the absence in this budget of the funding that was provided last year for the Chesapeake Bay Pilot. The Targeted Watershed Grants program provides opportunities to demonstrate the effectiveness of market-based approaches, particularly water quality trading, and collaborations that often transcend political boundaries to achieve sustainable environmental solutions.

Many resources under the Clean Water Act directly support efforts to restore and improve the quality of rivers, lakes, and streams. Over the next several years, EPA will rely on this funding to work with States to assure the continued effective implementation of core clean water programs, to restore specific impaired waterbodies, and to accelerate watershed protection efforts.

In 2000, States listed some 21,632 waterbodies that are not attaining water quality standards required under section 303(d) of the Clean Water Act. Succeeding in restoring impaired waterbodies requires that we set interim and long-term goals to guide this work. By applying the full range of Clean Water Act programs to this problem, EPA and States are working to restore these waterbodies through watershed-based planning, market-based approaches and other available tools.

In FY 2006, EPA will work with our State and Tribal partners to focus on watershed protection by implementing Permitting for Environmental Results (PER). This is the most comprehensive, data-rich review of State Clean Water programs in the history of the National Pollutant Discharge Elimination System (NPDES). The PER

initiative is a multi-year EPA-State partnership aimed at improving the environmental performance, efficiency, and the fundamental integrity of NPDES programs. The Agency is developing a management system that fosters ongoing assessment of program integrity, shares and builds on best practices for managing environmental results and efficiency, and anticipates opportunities to enhance the program.

In addressing the backlog of expired permits, EPA and States are developing lists of “priority permits” that allow us to focus on expired permits that have the biggest environmental impact. We are streamlining the permitting process with electronic permit development tools and technical guidance on watershed-based permitting. We are also evaluating the fundamental integrity of State NPDES programs and working with our State partners to develop program profiles that we are posting on EPA’s website (www.epa.gov/npdes/per). The profiles highlight program innovations and areas where program improvements can be achieved. They establish a baseline for measuring the health of the program over the long term.

Besides watershed-based permits, States and EPA can use TMDLs and nonpoint and source water assessments to support restoration efforts. By the end of FY 2006, we expect that all EPA-approved State source water assessment programs will have completed baseline assessments for public water systems nationwide. With the support of many federal programs, States will work with community water systems on voluntary measures to prevent, reduce, or eliminate threats of contamination to source water areas. In addition, EPA will coordinate federal agencies working with national, State and local stakeholder organizations in broad-based efforts to manage significant sources of contamination identified in the source water assessments.

Coasts and Oceans

Last December, in response to the recommendations of the U. S. Commission on Ocean Policy, the President announced his Ocean Action Plan. The Action Plan reflects a commitment to strengthen collaboration among agencies as well as the need for the federal government to strengthen already strong cooperation with State, local, Tribal, and community partners to enhance the management of coastal and ocean resources.

In FY 2006, coastal waters will continue to be a high priority, on both national and regional scales. First issued in 2001, the National Coastal Condition Report (NCCR) results from a collaborative effort among EPA and many federal, State, and other partners. In January 2005, we issued an updated NCCR, consistent with the Ocean Commission report, that sends a clear message about the serious challenges facing our Nation's ocean and coastal resources.

The focus on watershed management at our coasts further underscores the need for continued support for programs like the National Estuary Program. Currently including 28 specific estuaries, this program has leveraged EPA funding into nearly a million acres of habitat restored or protected, and it has achieved many other water quality improvements. The National Estuary Program is a model of a local, State, federal, and public partnership to restore and manage our critical coastal resources.

Great Lakes

As I have discussed, implementing regional watershed-based collaborations is a top priority for EPA. A stellar example of such an effort is the collaboration that was established under the President's Executive Order on the Great Lakes. One of the largest watersheds on the continent, holding 20% of the world's surface freshwater, the Great Lakes basin is home to more than one-tenth of the population of the United States and one-quarter of the population of Canada. Some of the world's largest concentrations of industrial capacity are located in the Great Lakes region. In spite of their large size, the Great Lakes are sensitive to the effects of a wide range of pollutants. Responding to the President's May 2004 Executive Order, EPA will build on the work already done by former Administrator Mike Leavitt and the Great Lakes Task Force to lead and coordinate local, State, Tribal, and federal partners in focusing on environmental protection that meets international commitments and provides measurable results. Concurrently, we will continue working with partners to restore the chemical, physical, and biological integrity of the Great Lakes ecosystem by implementing Clean Water Act core water protection programs and other actions that support the existing 2002 Great Lakes Strategy. The Strategy's shared, long-range vision (healthy natural environment for wildlife and people, all beaches open for swimming, all fish safe to eat, and Lakes that are a safe source of drinking water) is supported by quantifiable and measurable objectives.

In support of the Great Lakes Legacy Act of 2002, the FY 2006 President budget's request includes \$50 million, representing a \$5 million increase over the FY 2005 President's budget and \$27.5 million over the FY 2005 enacted level, to fund sediment remediation activities at the fully authorized level. In FY 2006, the third year

of the program, EPA will support up to six projects for remediation which will clean up over a quarter million cubic yards of contaminated sediments.

Wetlands

Our FY 2006 request reflects our continuing commitment to the goal of increasing the quantity and quality of the Nation's wetlands. On Earth Day 2004, the President announced his commitment to restore, improve, and protect three million acres of wetlands by 2009.

Achieving the Administration's commitment requires stronger State, Tribal, and local programs to protect the most vulnerable wetlands. To support their efforts, the President's Budget contains a request for \$20 million for grants to help States and Tribes develop, enhance, implement, and administer wetland programs. This is a 25% increase over the level Congress appropriated for FY 2005 and will help the Administration surpass "no net loss" and move toward its new "net gain" goals.

Homeland Security

The Nation's drinking water systems have taken the first critical steps toward enhancing security – identifying their vulnerabilities and developing emergency response plans. As these systems begin to mitigate their weaknesses, they need additional guidance to help them adopt effective security programs that will detect intentional acts of contamination. In response to these needs and consistent with Homeland Security Presidential Directives 7 and 9, EPA will deploy, in selected cities,

with key federal and water sector partners, a pilot monitoring and surveillance program for early warning of intentional contamination events. To complement this detection program, EPA will provide additional tools, training, and exercises that the largest drinking water utilities need to prevent, respond to, and recover from a terrorist or other intentional attack. EPA's FY 2006 request includes an additional \$44 million to carry out these responsibilities.

CONCLUSION

There are always new challenges facing the Nation's water programs. Effective collaboration with our many partners – the Congress, States, Tribes, and public and private groups and individuals – will continue to give us many opportunities for ensuring clean and safe water. I look forward to working with this Committee to accomplish these important national goals.

This concludes my prepared remarks; I would be happy to respond to any questions you may have at this time.

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